DECEMBER 30, 1963

THE UNIVERSITY
OF MICHIGAN
JAN 3 0 1964
PERIODICAL
READING ROOM

EAST EUROPE LOOKS
FOR TOBACCO SUPPLIERS

U.S. FARM EXPORTS
MAY REACH $6 BILLION

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

DECEMBER 30, 1963

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Farm girl in tobacco field, Voivodina, Yugoslavia. Though several East European countries are counted among the world's sizable tobacco producers, the area as a whole is a net importer.

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DEPOSITED BY THE
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East Europe Looks for New Tobacco Suppliers

With leaf imports from Mainland China cut off, East Europe may turn to the U.S. and Canada, only exporters with big marketable surpluses.

By JOHN B. PARKER, JR.
Tobacco Division
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Rising consumption of cigarettes—and not enough tobacco to manufacture them—has the Soviet Union and other East European countries in a worldwide search for about 135 million pounds of tobacco. The need cannot be met from traditional sources.

The problem jumped into sharp focus in 1962 when tobacco imports from Mainland China, biggest source of East European tobacco, ceased almost entirely. Imports from Bulgaria, second biggest source, plummeted because blue mold and its own increasing factory utilization lessened the amount of Bulgarian leaf available for export.

Though imports from China in 1961 were less than half their usual 125- to 150-million annual figure, most of the resultant gap was filled with stocks built up in the late 1950's. By 1962, these stocks had been largely used up.

Then the real pinch began to be felt and the search for more tobacco—either from old or new sources—began.

In 1962, 72 million pounds of primarily low-cost leaf came from India (formerly around 10 million), 24 million pounds from North Korea (formerly around 5 million), and about 6 million pounds from Brazil (formerly a trickle). Southern Rhodesia made its first Bloc sales, about 3 million pounds.

In 1963, these suppliers might export to East Europe 40 million pounds above the approximately 105-million-pound total of 1962. In addition, Bulgaria and other East European producers could supply about 154 million pounds.

135-million-pound deficit

This leaves a 135-million-pound deficit that must be met by new suppliers. Comparatively small purchases of low-cost leaf are likely to continue from a number of countries which have not recently been suppliers. The United States has at least 100 million pounds available at a price lower than Eastern Europe has paid to some other suppliers, and Canada—with a 30-million-pound surplus at comparable prices. In addition, the United States has ample supplies of high-quality leaf.

Southern Rhodesia, whose capacity for increased tobacco output is considerable—under ordinary circumstances—now sends almost all of its medium-priced flue-cured exports to Western Europe and the Far East. It seems unlikely that there will be significant quantities available for East Europe in the near future. Rhodesia's only shipment to Eastern Europe in the first half of 1963 was 927,000 pounds of flue-cured tobacco to East Germany.

Nor can Eastern Europe's tobacco needs readily be met by production within the area. Although production is expected to be around 20 percent larger in 1963 because of efforts to increase output, the gains will by no means reverse the decline in production that began in most of Eastern Europe a decade ago. Only where farmers own their own land, or the crop is grown for export at good prices, has production gone up. In Hungary, Rumania, and Czechoslovakia—which were net exporters of tobacco during part of the early 1950's—the crop is down by half. USSR production is only about half that of prewar levels.

Mounting cigarette imports

Eastern Europe's cigarette imports, too, are mounting rapidly—primarily from Bulgaria and to a lesser extent from the United States. There is also the possibility that a considerable quantity still comes in from Albania, formerly the area's second-largest supplier.

The trend is toward American-type cigarettes, a taste which grew out of the large quantity of Chinese flue-cured available in the past decade for blending with domestic tobacco. Chinese leaf—when it was available—was of relatively good quality, the result, possibly, of a climate which in some areas resembles that of U.S. tobacco States, and the influence of American and English tobacco specialists who helped develop China's flue-cured industry.

The *Soviet Union* imported 146.4 million pounds of tobacco in 1962. This was under the 1959 peak of 213 million when supplies were plentiful from Mainland China and Bulgaria, but higher than the 1961 total of 127.4 million.

Of the USSR's major traditional sources of tobacco, only Bulgaria remains; imports during the last few years have ranged from 60 million to 80 million pounds a year.

Eastern Europe's Tobacco Import Needs and Deficit, 1963 [1]

Country	Total import needs	From current sources	Needed from new sources
	Million pounds	*Million pounds*	*Million pounds*
USSR	255	185	70
East Germany	64	35	29
Czechoslovakia	46	25	21
Poland	35	33	2
Hungary	16	12	4
Rumania	11	5	6
Bulgaria	5	2	3
Total	432	297	135

[1] Estimated.

Fewer traditional sources

Leaf imports from Albania peaked in 1960 at 12.7 million pounds, but stopped in 1962. Rumania's short crop in 1962 put a halt to the 6.6 million pounds imported from there in 1960 and in 1961.

India became the biggest of the newer suppliers in 1962 with 40 million pounds. Next was North Korea's 21 million pounds, with about 2 million pounds each coming from Brazil, Japan, and Southern Rhodesia. There was a token purchase of 28,000 pounds of U.S. flue-cured in 1962, and 16,000 pounds of U.S. burley. (This contrasts with the 14 million pounds of tobacco the United States sold the Soviet Union from 1946 to 1949.) Latin American countries supplied small quantities in early 1963.

Russian cigarette imports reached a record $20 million in 1961, mostly from Bulgaria. In 1962, about 5.3 billion pieces, or one-third of Bulgaria's cigarette output, went to the Soviet Union. Prior to 1962, Albania was another important source.

Cigarette output in the Soviet Union is currently about 255 billion pieces annually which is about half that in the United States. Since Soviet farm production provides only about half of the leaf needed and tobacco imports have not increased proportionately, stocks are at low levels. To partially replenish stocks and reach 1959 per capita consumption levels, the Soviet Union would need to import around 255 million pounds of leaf annually.

At the outside, Bulgaria may be able to supply up to 100 million pounds annually in the next few years. India may supply some 50 million pounds, with perhaps 15 million each coming from North Korea and Brazil.

This leaves 70 million pounds of light cigarette tobacco which the Soviets must find elsewhere. The USSR's trading organization, Raznoexport—though its exports of tobacco are only about 4 million pounds (mostly to West Germany)—is looking for more tobacco to import.

Big new sources needed

One answer to the search may be purchases of some Canadian leaf in the near future. However, to satisfy the current Russian need for tobacco, only the United States has sufficient stocks of cigarette-type tobacco available.

In *Czechoslovkia,* 22 billion cigarettes were smoked in 1962, 7 million pounds of pipe tobacco, and 1 million pounds of cigars.

Tobacco consumption is on the rise, and with farm production drastically reduced, import needs are increasing. In 1961, leaf imports hit a peak of 43.2 million pounds, only to fall the following year to 28.1 million pounds.

Because of the lack of Chinese leaf, most of the tobacco imported in 1962 was oriental—as usual, from Greece, Turkey, Bulgaria, and Yugoslavia. However, prior to this, sales of low-cost blended brands were increasing rapidly, and imports of flue-cured had begun to almost equal those of oriental leaf.

Czechoslovakia imported about 8 million to 16 million pounds of Chinese flue-cured annually in the late 1950's and through 1961. Some 398,000 pounds of U.S. flue-cured were purchased in 1961 at an average price of 95 U.S. cents per pound.

If per capita consumption is to be maintained at present levels, Czechoslovakia will need to import over 45 million pounds of tobacco annually in the next few years. About 15 million to 20 million pounds should be of light cigarette tobacco, if the blend of established brands is to be maintained. The United States, India, and Brazil are possible sources.

Eastern Germany's former annual imports of 10 million to 25 million pounds of Chinese tobacco have been partially compensated for by increased purchases from India and Brazil. About 1 million pounds of U.S. leaf are imported annually. Most of this has been cigar leaf, although small flue-cured purchases began in 1963.

East German cigarette output has remained stable at about 18 billion pieces for each of the last few years, although imports of Bulgarian cigarettes tripled in 1962.

To bring depleted stocks back to normal levels and retain current per capita consumption, the East Germans should import about 60 million pounds of tobacco a year.

Taste for blended cigarettes

Hungary's tobacco imports reached a postwar peak of 16.6 million pounds in 1961, largely because farm production had dropped to half the 1957 level.

To meet increasing consumption, cigarette output rose from 14.6 billion pieces in 1957 to 16.5 billion in 1962. Cigar output also grew.

Turkey, Greece, and Bulgaria were the chief sources for leaf imports in 1961, were joined by India in 1962.

Because Hungary grows substantial amounts of flue-cured in normal years, the country's smokers have a taste for blended cigarettes. Hungary could be a market for U.S. quality flue-cured, if foreign exchange permitted.

Bulgaria is now the world's third largest cigarette exporter, with half the country's output sold abroad.

Bulgarian leaf exports reached a peak of 156 million pounds in 1960, but then blue mold reduced both crops and exports. An additional factor in lowered exports was the need of Bulgaria's cigarette industry for more of the country's flue-cured; less than 3 million pounds were exported in 1962 compared to 8 million in 1959.

Most of Bulgaria's leaf exports still go to Eastern Europe, although exports to the Common Market are increasing. Little Bulgarian tobacco goes to the United States because of the U.S. import duty of 35 cents per pound.

Meanwhile, Bulgaria's leaf imports have gone up. The country has shopped widely to find qualities of tobacco which would further increase the desirability of its cigarettes for export. Syria, Lebanon, Albania, and Italy have recently supplied grades needed for blending.

If Bulgarian cigarette exports continue upward, its total leaf imports could climb to 10 million pounds, or more, annually. Bulgaria is interested in U.S. tobacco, and a U.S. firm's application to export around $8 million of U.S. leaf to Bulgaria is under consideration.

(Continued on page 16)

U.S. Farm Exports May Reach $6 Billion

Fiscal year 1963-64 promises to set a new record, with wheat, cotton, soybeans, dairy products, and vegetable oils making the major gains.

Recent developments here and abroad point to a record high for U.S. agricultural exports in fiscal year 1963-64—the year ending next June 30.

Indications are that if authorized sales of wheat to the Soviet Union materialize, agricultural exports will advance to $6 billion—up sharply from $5.1 billion a year earlier. Commercial sales for dollars may reach $4.2 billion, accounting for over 70 percent of total U.S. agricultural exports, while exports under U.S. Government-financed programs are expected to exceed the $1.5 billion shipped in 1962-63.

Unusual strength was shown in U.S. agricultural exports for the first third of the year, July-October, when they totaled $1,772 million compared to $1,547 million in 1962. The current year's figure includes actual exports of $1,251 million for July-September plus an estimate of $512 million for October. At this rate of gain fiscal year exports would amount to $5.8 billion.

A factor in this forecast is the strong economic activity abroad, especially in Western Europe and Japan. Further, most countries that purchase U.S. farm products for dollars possess record gold and dollar holdings. The United States, however, will continue to provide agricultural commodities under government-financed export programs to countries short of gold and dollars; and export payments will also continue for a number of commodities to enable them to move into world markets at competitive prices.

The common agricultural policy (CAP) of the European Economic Community will probably affect U.S. farm exports less this fiscal year than in fiscal 1963. In the July-September period they gained 7 percent over the same 3 months a year ago, totaling $261 million compared with $245 million.

Exports of commodities not subject to EEC variable levies increased to $184 million from $156 million, reflecting a sharp rise in cotton and smaller rises in animal fats, soybeans, and tobacco. Exports of commodities subject to variable levies were down 14 percent, with declines in feed grains and poultry meat (broilers and fryers). At the same time, there were slight gains in wheat, wheat flour, and turkey meat.

Major gains for the fiscal year as a whole are expected in exports of wheat, cotton, soybeans, dairy products, and vegetable oils. Considered by commodity groups, the export picture appears to be as follows:

Animals and animal products.—For the July-October period exports in this category were nearly one-fourth above the level for the same period in 1962; they totaled $232 million compared with $187 million. For the entire fiscal year they are expected to be considerably above the $604 million exported in 1962-63.

A substantial part of the improvement is likely to occur in dairy products, particularly butter sold for dollars from CCC stocks. In addition, dairy product exports under government-financed programs to newly developing countries will continue at the high level of recent years. The market for lard in the United Kingdom appears to be favorable, but the value of inedible tallow and greases may decline somewhat because of lower export prices.

Although increased import duties on shipments of variety meats into the EEC became effective this past September, the removal of quota restrictions by some member countries is expected to offset the effects of the increased duties. Moreover, U.S. production is high and U.S. prices are lower.

Exports of poultry meat to West Germany, the principal market in the EEC, will probably continue to decline unless a substantial downward adjustment is made in the overall level of EEC import charges in imports from third countries (including the United States). However, moderate gains in poultry meat exports to other countries and increased shipments of eggs and egg products should compensate to the extent that only a slight reduction should occur in total poultry and poultry product exports.

Cotton.—Exports of cotton for fiscal 1964 are expected to amount to 5 million bales compared with 3.6 million in fiscal 1963. To a large degree, this increase reflects lower cotton production in the foreign Free World as well as lower stocks in both exporting and importing countries. Also, the new Commodity Credit Corporation (CCC) program that became effective on August 1 permits exports of cotton from CCC stocks at competitive prices. (In the previous year, the export payment of 8½ cents per pound was limited to exports from privately held stocks.) Favoring U.S. exports is the upturn in the cotton cycle in Western Europe and Japan.

Grains.—Because of the poor wheat harvest in the Soviet Union and Western Europe, U.S. wheat exports are likely to total a record 1 billion bushels compared with last year's 639 million. It is possible that as much as 200 million bushels will be shipped to the Soviet Union and the Eastern European Bloc nations. Western Europe is also expected to increase its purchases. Adverse weather caused a 300-million bushel drop in Western Europe's wheat output, mainly in France, Italy, and Britain.

Rice exports totaled 6.4 million bags in the July-October

This article is adapted from a report by Robert L. Tontz, and Dewain H. Rahe, Trade Statistics and Analysis Branch, Development and Trade Analysis Division, Economic Research Service.

period mainly because of government-financed shipments to the developing countries of Asia and Africa. For the year they may be somewhat above the 24.2 million bags exported in fiscal 1963. Over half of this will probably move under Title I of Public Law 480.

Feed grain requirements in Western Europe are lower this year because of the unusually wet summer season which forced farmers to use large quantities of their wheat for feed. In addition, the wet weather improved pastures and lowered the demand for concentrate feeds for dairy cattle; also, barley production this past season was higher than the year before. Consequently, fiscal-year feed grain exports are likely to be lower than the record 15 million tons shipped the previous year.

Fruits.—Short supplies of fresh fruits and processed citrus products will limit U.S. exports this fiscal year; however, a much larger output of raisins should result in larger foreign sales. Higher prices for U.S. canned peaches and fruit cocktail weakened their competitive position, especially in Western Europe. As a result, exports of fruits and fruit preparations are likely to be down from last year's high level of $280 million.

Oilseeds.—With July-October shipments of oilseeds and oilseed products at $225 million compared with $220 million for the same period in 1962, the fiscal-year total is expected to set a new export record. U.S. exports will continue to benefit from the substantial increase in the demand for oils and protein meal in Western Europe and Japan, which foreign output has not been able to keep up with. Besides, soybean supplies from Communist China will continue to be available for export in relatively small volume. Exports of edible vegetable oils may top last year's 1.6 billion pounds by 300 million pounds—a gain that is likely to occur in both commercial sales for dollars and shipments under U.S. Government-financed programs.

Tobacco.—Fiscal-year tobacco exports will probably show a gain of about 8 percent over those of last year, reaching 510 million pounds. The 1963 tobacco crop was of higher quality; furthermore, production was smaller in some of the other major tobacco-growing countries, and stocks of U.S. leaf were relatively low in a number of the important markets. There has also been a rise in cigarette smoking abroad.

Vegetables.—Although July-October exports of vegetables and preparations at $44 million are slightly below last year's $46 million, fiscal-year shipments are expected to be slightly above those of fiscal 1963. Largely, responsible for this is an increase in shipments of dry edible beans. Bean output in Western Europe was down substantially this year; also there will probably be larger bean shipments under government programs. Shipments of fresh vegetables to Canada and of processed vegetables to Western Europe promise to maintain their strong movement of recent years.

Swiss May Need More Wheat Imports

Switzerland's cold, wet harvest season so lowered the quantity and quality of the bread-grain crop that the Swiss, despite high stocks, may need to import 300,000 metric tons of milling-quality grain in 1963-64—10 percent more than last year, though less than the year before. Emphasis is likely to be on U.S. and Canadian wheat of high baking quality.

This figure represents a 100,000-ton rise in the import estimate since August. It reflects a much lower harvest of baking-quality wheat and rye than the Swiss had expected —325,000 tons, against 497,000 last year.

In addition, 60,000 tons of sprouted grain will have to be used as feed. The Federal Cereals Administration is taking over this grain at a subsidized price and assuring its use for feeding purposes. Domestic purchases of baking-quality bread grains by the FCA are estimated at only 200,000 tons—far below the 373,000 of 1962 and even below the 241,000 from the poor 1961 crop.

Switzerland's feed grain situation is even more complicated. Farmers, entering the present year with low hay supplies because of dry weather in 1962, had to buy much more mixed feed and feed grain. To meet this extra need, imports of coarse grains and feed wheat in 1962-63 soared by nearly 70 percent, to about 729,000 tons.

The bad weather of 1963 has damaged the hay crop and pulled the coarse grains crop down to 160,000 tons from 1962's 206,000. But sizable stocks, plus the availability of sprouted bread grains, will hold total 1963-64 imports of coarse grains and feed wheat to about 500,000 tons—well below last year's, though 16 percent higher than those of 1961-62.

British Eating Habits Changing

Food habits in the United Kingdom seem to bear out the theory that advanced industrialization usually means rising popularity for fats and protein foods and a decline for staple grain products. A study comparing present-day food intake with prewar figures shows that the British are drinking more milk and eating more dairy products and meat but less bread and rice.

In 1962, consumption of liquid milk was 50 percent above prewar and that of milk products, 46 percent. Meat intake rose 13 percent, showing interesting trends: double and triple increases for pork and poultry respectively and decreases for fish, beef, mutton, and lamb.

Butter advanced for the first time since prewar to above 20 pounds per head, but margarine fell to its lowest level since 1939. Consumption of potatoes and sugar rose, while that of fruits stayed about the same; rises in canned fruit and juice offset a drop in citrus.

Consumption of all grains was down 15 percent, with the biggest volume decline for wheat flour. Rice, although still below prewar, rose 17 percent over 1961.

The Foreign Market for POULTRY and EGG PRODUCTS

By ROLLAND E. ANDERSON, Jr.
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World trade in poultry meat will probably continue at a high level in 1964, but a resumption of the upward trend in evidence from 1957 to 1962 is unlikely. This trend was broken in the first half of 1963 when trade in poultry meat declined sharply from the high volume of 1962. In the first 6 months of 1962, West Germany, principal world market, imported 256.5 million pounds. A year later West Germany took only about 154.7 million.

Germany's imports from most major suppliers were off, but those from non-EEC countries, mainly the United States and Denmark, declined the most. Despite sizable reserve poultry inventories at the beginning of 1963 and expanding domestic production, poultry meat prices in Germany rose after higher Common Market duty rates were effected on imports from third-country suppliers.

World output of poultry meat is expected to increase again in 1964 as demand for all meat products remains strong. World egg and poultry meat production in 1963 was high. Less developed countries concentrated on increasing egg production; industrial countries paid more attention to poultry meat production. The overall rate of increase, however, will not be as spectacular as during recent years. Output in some major producing countries such as Denmark and the Netherlands will be greatly influenced by the export market situation.

In 1962 the United States shipped poultry meat valued at $67 million to about 70 countries and independent territories. In 1963 it is expected to ship only about $50 million. Aside from small amounts moved under Public Law 480, Title I agreements, all U.S. exports constitute dollar sales and move through commercial channels.

U.S. trade falls off

U.S. trade in poultry meat in the first 9 months of 1963 was off sharply from the high of 1962. Exports to West Germany, our principal market, were only 40 percent of what they were a year earlier, and total exports were down 36 percent from the record high of 1962.

Broilers and fryers are the leading U.S. poultry exports, accounting for well over half of the value of poultry meat exported. In the first 9 months of 1963, U.S. poultry meat exports were valued at $37.4 million, of which $19.8 million represented trade in broilers and fryers.

The year 1963 saw a sharp increase in demand for canned poultry. EEC levies on imported fresh and frozen poultry meat made these items more costly and resulted in greater U.S. exports of canned poultry to the EEC: 11.6 million pounds during the first 9 months of 1963 compared with 2.8 million during these months in 1962—an increase of 90 percent. Exports for calendar year 1963 are expected to surpass the record set in 1960 of 12.8 million pounds. If the protection now afforded EEC poultry continues, demand for canned poultry will remain strong.

U.S. turkey exports for the first 9 months of 1963 were running about 80 percent of the record 1962 level. Exports for the January-September period were 18.5 million pounds compared to 23.5 million for the same period in 1962. West Germany accounted for about 65 percent of the trade through September of this year.

Contrasting with the general decline in U.S. poultry meat exports, trade in egg and egg products, production stock, and other live poultry was up sharply from the $10.1 million worth exported in January-September 1962 to $14.7 million for the same period in 1963. The value of poultry meat exports for this same period in 1963 was only 62 percent of their record level of 1962.

Live poultry market good

U.S. exports of live poultry showed substantial gains in 1963. Baby chick exports will probably surpass the record high of 25.5 million head in 1961. Total U.S. exports of baby chicks amounted to 20.1 million head during the first three-quarters of 1963, up 50 percent over the 1962 level. The major buyer was Canada, accounting for over one-third of the trade.

U.S. exports of hatching, shell, and dried eggs also gained in 1963, but exports of frozen eggs were only about one-third their 1962 level. The major market for egg products is Western Europe. The substantial gains in egg and selected egg products trade have been recently clouded by higher import duties and other trade restrictions. This situation was further compounded by the EEC commission on October 7, 1963, when it placed a supplemental levy on dried whole eggs, dried yolk, and frozen yolk. These levies were in addition to the variable levies already being charged on these egg products. If the increased duties remain in force, it can be expected that U.S. trade in egg products will be sharply curtailed.

With the implementation of EEC poultry regulations in August 1962, the phenomenal growth of U.S. poultry exports in evidence during recent years was brought to an abrupt halt. In West Germany, our major market, import duties have tripled. Total exports of poultry meat in 1963 are expected to reach about 200 million pounds—down 26 percent from the record level of 1962.

In view of recent developments and the current rate of exports, U.S. trade in 1964 will probably be maintained at about the same level as 1963. Under present trading conditions, a continuation of the sharp uptrend prevailing during 1957-62 is highly improbable.

Export Outlook Dimmed for Mexican Cattle Industry After Record Shipments in 1963

Reduced U.S. demand for stocker and feeder cattle this year may cause a temporary setback in the Mexican cattle industry's drive to increase exports. With an eye to future export prospects, especially for higher grade chilled beef, the industry is upgrading native stock and opening feedlots.

Mexico's exports of live cattle in the 1963 marketing year, which ended August 31, totaled a record 752,230 head, 12 percent above exports in 1962 and 65 percent above those in 1961. These increases were attributed to strong U.S. prices for cattle; good rains in the United States, resulting in increased demand for both stocker and feeder calves; and an extremely dry season in the north Mexican states, which decimated the range and stimulated herd reduction. The U.S. buyers arrived early, stayed late, and found willing sellers.

As could be expected, such a successful season had numerous aftereffects. Among them were official statements on the remarkable growth of Mexico's livestock exports as well as increases in the authorized export quotas for both live and processed cattle. Mexico's 1964 quotas for cattle and dressed beef are equivalent to 1,385,000 head compared with 1,317,000 in the 1963 marketing year, 1 million in 1962, and 750,000 in 1961. The increase in the export quota for live cattle (excluding meat and the so-called reserve) is especially significant: 762,000 head compared with 642,000 in 1963 and 384,000 in both 1962 and 1961.

This year, market conditions are about the reverse of those in 1963 marketing year. In the United States, beef prices are off, supplies up (partly because of heavier imports from Australia and New Zealand), and grass production down. In Mexico, last year's drought reduced the calf crop on some ranches by as much as 20 percent, and grass is plentiful. Mexican cattlemen are not under extreme pressure to sell and U.S. buyers are late in arriving. Export prices for good range Hereford crossbreeds this fall have been down about 4-5 cents per pound from last year.

It is expected that unless U.S. demand increases, Mexico's new export quotas will not be filled and this year's exports will decline. Economically, a small decline in exports will not severely hurt the medium-sized producers of corriente (mixed breed) cattle; these farmers have plenty of grass and are understocked. However, there are many small farmers with little or no financial staying power who must sell even though the price is down, and the large producers of quality cattle want to clear out their year's calf crop—at 9-10 months of age—in advance of the new crop.

Despite the probable drop in 1964 exports, the Mexican cattle industry is confident of its prospects, mainly because of several developments in the cattle-exporting areas of north Mexico.

Most significant of these is the increasing use of U.S. bulls to upgrade native, corriente, cattle. The bulls are purchased from specialized U.S. breeders, and the larger ranchers buy some replacements nearly every year.

The industry feels this program has been bringing about some remarkable changes. Instead of highly variable lots of 4- or 5 year-old light-weight corrientes, the ranchers can now sell on a regular annual basis 9- to 10-month calves of much more uniform quality. Such animals are marketed in the winter months at a weight of 400-500 pounds. In the United States, they go into feedlots and end up as top-quality beef. By spring, the Mexican ranchers have only their breeding herds and replacements left, and are ready for the next crop of calves. Last winter, bred-up calves brought around 25 cents per pound from the U.S. buyers compared with little more than half this price for poor corrientes.

This development has put cattle raising on a more regularized, business-like basis, has increased income per head, and, with controlled grazing, has reduced the size of an economic unit. However, the ranchers engaged in this type of operation are still in the minority. Most do not have improved bulls and are still producing the traditional corriente cattle.

Another undertaking is the feedlot operations financed by the Mexican Agrarian Bank. There are now seven feedlots in Mexico, producing fattened cattle for export as high-grade beef and for the still somewhat limited domestic consumption. The lots take in animals weighing around 450 pounds—mostly Hereford crossbreeds—and fatten them to 800-1,000 pounds in 120-150 days. Each installation has an average output of 1,500 head a month of fattened animals, graded Good to Choice.

The present feedlots, still considered pilot operations, are managed cooperatively by farmer groups who also produce the feed.

—HENRY HOPP
U.S. Agricultural Attaché, Mexico

Denmark Is Importing Rye To Conserve Bread Quality

Denmark lifted its embargo on rye imports the middle of December, freeing trade in this commodity until July 31, 1964, and permitting Danish bakers to use 20 percent imported rye in their bread. Reason for the action is the poor-quality domestic crop.

Anticipating the development, importers had begun negotiating for U.S. and Canadian rye in November and, according to the Danish Government Grain Office, had contracted for about 1,900 metric tons—about 1,600 tons from the United States.

Denmark uses about 125,000 tons of rye annually for bread production, which indicates import requirements of about 15,500 tons during the December-July period.

In most years, Denmark does not permit rye imports, for its farmers can supply what is needed. This year, however, Denmark like the rest of West Europe had a late season and wet weather which have meant widespread quality loss in wheat and rye.

Less Sunflowerseed and Oil for World Trade

Large amounts of sunflowerseed and oil were traded on the world market in 1963 after a record production in 1962, but the export outlook for 1964 is a different story.

According to late USDA tallies, a good deal less sunflowerseed and sunflowerseed oil will be available for world export in 1964. World production of this oilseed in 1963 is tentatively estimated at only 6.6 million short tons, nearly 12 percent less than it was in 1962.

Two of the world's major producers, the Soviet Union and Argentina, account for most of this decline. Several minor producers such as Yugoslavia, Canada, and Uruguay, harvested increased quantities in 1963, but not enough to offset poor harvests elsewhere.

Although sunflowerseed is used in the United States mostly for birdseed, in many countries it is a major oilseed crop and an important export. Of the various soft edible vegetable oils (excluding palm oils), sunflowerseed ranks third after soybeans and peanuts in volume traded on the world market.

USSR largest producer

Whether or not the Soviet Union has a good year can swing the world sunflowerseed production figure into a "high" or "low" column. The USSR is the world's largest grower of sunflowerseed; its production represents about two-thirds of world output. In 1962, the USSR produced an estimated 4.8 million tons of sunflowerseed. This year, extreme drought and hot weather hit several of the country's main growing areas, reducing the crop to an estimated 4.4 million tons despite increased acreage. With a short 1963 crop and large domestic oil needs, the USSR is expected to export less seed and oil in 1964.

Because Argentine growers could get a better price for corn, they cut their 1963 sunflowerseed acreage by over a third from 1962, and drought in Buenos Aires and Cordoba Provinces further cut output. The 1963 crop, harvested last spring, came to 509,300 tons. The amount of oil Argentina exports will depend a good deal on the price it can obtain. In 1962, despite a large outturn—948,000 tons—Argentine exports of sunflowerseed oil fell. Argentina channeled its oil into the domestic market and exported peanut oil, which was fetching a higher price. Normally, most of Argentina's sunflowerseed oil exports move to the Netherlands and West Germany.

Rumania, Bulgaria, and Hungary rank next after the Soviet Union and Argentina as major sunflowerseed producers. In recent years, they have jointly produced more than 10 percent of the world crop. Official figures for individual countries are not available, but the USDA places their combined production in 1963 at slightly over 1 million tons, about the same as it was in 1962. These Eastern European countries account for a sizable portion of the world's total exportable supplies.

Sunflowerseed is the major oilseed produced in Uruguay, and in the past this country exported large amounts of oil. Reduced production in recent years has prevented continuation of substantial exports. Other relatively minor producers, such as Yugoslavia and France, absorb their sunflowerseed oil production domestically. Canada has been experimenting with growing the higher oil-bearing Russian seed, but still finds that its major market for sunflowerseed is as seed, not oil. Most of this seed is sold to the United States.

Sunflowerseed markets

For the past decade, sunflowerseed and oil have been finding ready world markets. The oil, when properly refined, is of high quality and compares favorably with other oils used in deep-fat frying, salads, and margarine. The seed yields a high percentage of oil—25 to 35 percent.

Major European importers are Czechoslovakia, East and West Germany, Italy, Austria, and lately, Spain. To these countries flows the bulk of Soviet and Soviet Bloc exports. In recent years, these exports have moved in increasing volume into the free markets of Western Europe.

Edible vegetable oil exports from the USSR, although not separately classified in official trade publications, are believed to be largely sunflowerseed oil.

U.S. soybean prospects

Sunflowers are not grown extensively in the United States. Uncertainty of the crop's profit potential and difficulty in harvesting have kept U.S. farmers from growing it. Probably the most important reason, however, is the phenomenal success the United States has had in marketing soybeans in world markets, particularly in Western Europe and Japan. Soybeans, on an oil-equivalent basis, have been the main oilseed crop exported from this country since 1955, and production has risen steadily with strong European demand for both soybeans and meal. Soybean meal is particularly valuable as a livestock feed ingredient; sales of oil have lagged in comparison.

Soybean oil faces stiff competition in the world oil market, not only from sunflowerseed oil, but from peanut and cottonseed oil as well. The uses of these oils are generally interchangeable—one can be substituted for the other. When world production of any one of these major oils falls off, as in the case of sunflowerseed this year, it could increase sales of soybean oil. (Prospects of a record outturn of olive oil in 1963-64 from the Mediterranean Basin may largely offset this possibility.)

Nevertheless, prospects of larger U.S. soybean exports to Western Europe might be in the making for 1964. The United States has just finished harvesting a bumper crop of soybeans—701 million bushels. Perhaps 190 million of them, together with substantial amounts of oil and meal, will go into world markets in the 1963-64 marketing year—10 million more than in 1962-63.

—Alan E. Holz
Fats and Oils Division

National Canners Ass'n Begins Expanded Market Development Program in Europe

The National Canners Association has begun an expanded market development program in Europe—far and away the United States' biggest offshore customer for canned foods—with a survey trip to assess problems and opportunities facing U.S. canned foods in 10 countries.

NCA's Executive Vice President Milan D. Smith was accompanied by Frank C. Elliott, director of NCA's Overseas Department, in carrying out the survey which included exploratory talks with government officials, importers, and distributors in Turkey, Greece, Italy, Switzerland, West Germany, Yugoslavia, Denmark, Norway, Belgium, the United Kingdom.

The new market development program will build upon work begun in 1955 by the Canners League of California. It will also provide a new medium for the export activities of 581 U.S. canners of fruit, vegetables, meat, and fish—located throughout continental United States, Alaska, and Hawaii—who, as members of NCA, will work together to obtain a larger share of the steadily growing market for canned foods in Europe.

Fruits and vegetables are currently the top canned items the United States sells Europe. In 1962, out of the United States' $159-million worldwide exports of U.S. canned foods, $77.3 million went to Europe as canned fruits and vegetables. This included $61.2 million worth of canned fruit—an increase of $19.4 million over 1961, and $16.1 million of canned vegetables—an increase of almost $5.2 million.

Much of NCA's program will be aimed at reducing tariff, and nontariff, barriers in Europe, which are the principal factors now limiting U.S. exports to this big market.

France, for instance, refuses entry to U.S. canned deciduous fruits, which the United States maintains is in violation of GATT rules. West Germany has quota limitations on canned pears and some grades of canned asparagus. Denmark applies import quotas to canned apricots, pears, and certain canned vegetables. Norway puts high import tariffs on canned baby food. The United Kingdom assesses most U.S. imports at 12 5/8 percent, while Commonwealth production enters Britain duty free.

In addition, there is a patchwork of restrictions, either of long duration or under consideration, which do, or could, hurt U.S. exports.

Many European countries have old food laws prohibiting use of the liquid glucose which the U.S. industry uses to sweeten, and assure suitable viscosity to, its canned fruit. Many of these laws were established before liquid gluecose was developed. NCA plans an educational program to convince European food authorities of the purity and value of this product.

Standardization of the sizes of cans which may be used is now under consideration in Europe. Because a number of sizes under discussion are not used in the United States, nor are some U.S. sizes being considered, some 50 percent of U.S. exports could be excluded.

The EEC's combined canning industries recently resubmitted to the EEC Commission a detailed set of specifications covering canned fruits which, if adopted, would be prohibitive in cost to the U.S. industry, and almost impossible to comply with.

National Canners plans to combat these various handicaps by a program of information aimed primarily at growers, processors, importers, and distributors in the various countries. The program would seek to convince these groups that where there is no significant domestic industry, U.S. imports would stimulate consumer demand (in France, only 3/10 of a pound per person a year, compared to the 23-pound per person average in the United States) and thereby benefit domestic growers.

A similar program initiated several years ago in West Germany made that country the largest single market in Europe for U.S. canned fruits and vegetables while, at the same time, significantly increasing sales of domestically produced products.

A highly important phase of the NCA program will be liaison with the United Nations' Food and Agriculture and World Health Organizations which are now working to develop worldwide food standards, including canned foods. The United States was given the task of forming a worldwide committee to establish standards for canned fruit and vegetables and is now developing stand-

(Continued on opposite page)

MAJOR U.S. CANNED FRUIT AND VEGETABLE EXPORTS TO EUROPE 1961-62 [1]

Item	1961 Quantity	1961 Value	1962 Quantity	1962 Value
	1,000 cases	*1,000 dollars*	*1,000 cases*	*1,000 dollars*
Fruit:				
Peaches	3,876	19,317	5,891	28,209
Cocktail	1,319	9,337	2,064	13,778
Pineapple	1,164	7,885	2,174	14,252
Other fruits	929	5,181	865	4,961
Total fruits	7,288	41,720	10,994	61,200
Vegetables:				
Asparagus	1,271	8,545	1,980	12,608
Str. beans, corn	148	567	322	1,059
Tomatoes and tomato products	308	1,059	300	983
Other vegetables	123	769	240	1,472
Total vegetables	1,850	10,940	2,842	16,122

[1] Fruit in cases of 24/2½'s; vegetables in cases of 24/2's. Omits fruit juices and jellies; pickles, chili sauce, catsup and relishes.

Promotion of Austrian Cigarettes Seen Leading to $3 Million U.S. Leaf Sales

Sales of Austria's "Smart Export" cigarettes have registered a 50 percent increase since January, when a U.S. promotion program was begun in that country to push the sale of the cigarette. Because half the "Smart Export" blend is American leaf, U.S. exports (burley and flue-cured) have risen correspondingly, with this year's consumption of U.S. tobacco by Austria expected to pass the $3 million mark.

Heavy demand for "Smart Exports" has not only kept local cigarette factories operating at peak capacity, it has also prompted the Austrian Tobacco Monopoly to adopt its cigar plant in Munich, Germany for the first time to production of the popular filter-tip cigarette.

Cooperating with FAS in the program are the Austrian Tobacco Monopoly and these U.S. trade associations: the Leaf Tobacco Export Ass'n., Inc.; the Burley and Dark Leaf Tobacco Export Ass'n.; the Tobacco Associates, Inc.; and the Virginia Dark-Fired and Sun-Cured Tobacco Export Ass'n., Inc.

Theme of the cigarette promotion —the prestige of smoking "Smart Exports"—has been carried out in advertising through the press, radio, television, billboards, and posters. "Smart Exports" are a universal favorite, says the package emblem in French and German. One television commercial, for example, shows an Austrian smoker meeting someone from another country who also smokes "Smart Exports." The cigarette's higher price has actually heightened its prestige image, and helped increase purchases.

The growing popularity in Austria of cigarette vending machines—predominantly stocked with "Smart Exports"—has also done much to promote the brand name.

In competition with other Austrian cigarettes, whether locally produced or imported, "Smart Exports" have the edge, accounting for 40 percent of filter-tip sales in 1963 against 30 percent the year before. "Smart Exports," in fact, today have one-fifth of the total cigarette market in Austria. Through a small export trade, the brand is also catching on in southern Italy and France, with Czechoslovakia being the leading export market.

Before the war, Austria was predominantly a market for oriental and dark leaf tobaccos. Consumer tastes now trend decidedly toward blended leaf for cigarettes, which account for 92 percent of Austria's total tobacco consumption of 24 million pounds. The market development program for "Smart Exports" is expected to push this figure even higher.

Now that a Belgian firm has agreed to produce "Smart Exports," consumption of the brand should increase in the Common Market countries. It is expected that large amounts of U.S. tobacco will be needed if the Belgian "Smart Export" is to measure up to the cigarette's reputation in Austria.

Seeing even higher sales in prospect, coordinators of the promotion program recently extended it to run through December 1964. Good results from the first year's promotion may explain why the Austrian Tobacco Monopoly has decided to import less oriental tobacco and more U.S. flue-cured and burley leaf.

(Continued from opposite page)

ards which include the points of view of the canning industries of the United Kingdom, Australia, Canada, and South Africa. A Codex Alimentarius (food code) would provide important guidelines to individual countries, or regional country groups like the Common Market, in setting up workable food laws.

In line with the procedure followed by other U.S. cooperators, National Canners will report twice a year to the Foreign Agricultural Service on the progress of its market development program, and in cooperation with FAS, outline a program for each year's upcoming work.

Two Poultry Firms Win Export Awards

Gold Kist Poultry Growers of Canton, Ga., and the Marshall Durbin Companies of Alabama, are the latest U.S. firms to win the Presidential "E" Award for achievement in expanding U.S. agricultural exports.

The citation particularly commended both companies for "maintenance of consistently high standards of export quality, by selecting, packing, and labeling their products to meet specific requirements in different parts of the world." Also noted were the companies' "aggressive promotion to locate and build foreign markets."

Cottonseed Protein Theme Of International Meeting

The U.S. Department of Agriculture is sponsoring an international conference on cottonseed protein concentrates January 15-17 in New Orleans. The meetings will emphasize the preparation of cottonseed as a protein additive to foods, and its value to human diets in protein-deficit world areas.

Cosponsors of the meeting are the United Nations Children's Emergency Fund (UNICEF) and the National Cottonseed Products Association. U.S. and foreign scientists having special knowledge of the basic composition and structure of cottonseed will attend, also representatives of commercial firms, universities, and the U.N.

Soybean Flour Developed To Help Child Nutrition

A new use for soybeans has been developed which will aid child nutrition in developing countries, the USDA announced recently.

Full-fat soybean flour (40 percent protein, 20 percent fat) can be used alone in such beverages as soy milk and baby's formulas, or with cereal products in macaroni, noodles, baked goods, and soups. The flour is made from de-hulled soybeans with relatively simple, mobile equipment.

Peru Raises Lard Import Duties

Peru has increased its import duties on lard and lard substitutes.

The specific duty on refined lard has been raised from 1½ cents per pound to 3.6 cents, and that on shortening containing lard, from 2.6 cents to 3.6 cents. Ad valorem rates for both products remain high and unchanged, as shown in the table below.

Since Peru is a member of GATT, these changes were approved by that organization.

The United States in 1962 supplied Peru with 1 million pounds of lard and 15 million of hog grease. Exports in 1963 through September were moderately above those of a year earlier; larger shipments of hog grease more than offset smaller ones of lard.

Hog lard (Tariff No. 362):
Old rate.....0.90 soles per kg. + 10½ percent of c.i.f. value.
New rate.....2.10 soles per kg. + 10½ percent of c.i.f. value.

Shortening containing lard (Tariff No. 364):
Old rate.....1.50 soles per kg. + 13.167 percent of c.i.f. value + 4 percent of ocean freight rate.
New rate.....2.10 soles per kg. + 13.167 percent of c.i.f. value + 4 percent of ocean freight rate.

France Lowers Tallow Import Duty

France has reduced its import duty on inedible tallow from the United States and other third countries from 11.1 percent to 6 percent ad valorem. At the same time, the rate on imports from members of the EEC has been lowered from 9 percent to 4 percent. These reductions are periodic adjustments which will ultimately result in a common external tariff of 2 percent and freedom from internal duties for imports from other EEC members.

Since 1960, France has been a net exporter of tallow; before that time it was a fairly large net importer. In 1960, France imported 39.2 million pounds from all countries—33.1 million of them from the United States—and exported 20.5 million pounds. In 1962, France's imports amounted to 22 million pounds—of which 8.8 million was shipped from the United States—and its exports to 24.5 million pounds. French exports of tallow increased again in 1963, though its imports from the United States were considerably above those for a year earlier.

Nicaragua Encourages Beef Exports

Nicaragua continues to develop its livestock industry and meat exports. Its exports of beef to the United States and Puerto Rico increased from 5.8 million pounds in 1959 to 15.8 million in 1962 to 16.8 million in the first 8 months of 1963.

Most of the export production comes from the new modern slaughterhouse in Managua. Cattle slaughter at the plant increased from 28,000 head in 1959 to 59,000 in 1962 and has been even larger in 1963.

No up-to-date information is available on cattle numbers in Nicaragua, although it is believed that there are about 2 million head and that they are increasing at a fairly rapid rate.

Exports of cattle are controlled. There is a ban on shipments of bulls and steers of any weight or age. However, steers originating in the Department of Zelaya are exempted if they are exported from Atlantic ports and weight 860 pounds or more. This provision permits exports of slaughter stock to the Netherlands Antilles and Peru. Exports of cattle totaled 10,000 head in 1962, considerably less than in the 2 previous years. Most of the overland shipments have been to Costa Rica.

Nicaragua has been importing some breeding cattle from the United States. The recently organized Nicaraguan Brahman Breeders Association is affiliated with the American Brahman Breeders Association.

Norway Lifts Restrictions on Coffee Imports

All restrictions on imports of coffee into Norway have been removed, effective November 15, 1963. Under an agreement between the Norwegian and Brazilian Governments, from two-thirds to three-fourths of the green coffee imported by Norway in recent years has come from Brazil.

Although the lifting of controls on coffee imports is not expected to have an immediate effect on consumption or sources of supply, it is believed that considerable attention will be given to enlarging the market for canned roasted coffee. There also appears to be an increasing trend towards the use of instant coffee, particularly among the younger generation.

January-September 1963 imports of green coffee into Norway totaled 419,949 bags (132.3 lb.), compared with 516,100 for 1962.

Malagasy Republic's Vanilla Exports Down

Exports of vanilla beans from the Malagasy Republic, the world's largest vanilla producer, amounted to only 238 metric tons during January-August 1963, significantly below the January-August 1962 shipments of 537 tons. Reduced purchases by the United States, which took over three-fourths of the 640 tons exported in all of 1962, were responsible for the sharp decline in Malagasy's vanilla trade.

During 1962, the Malagasy Republic accounted for two-thirds of world vanilla bean exports. The United States, the world's largest vanilla consumer, usually imports most of its requirements from the Malagasy Republic. U.S. vanilla imports during January-August 1963 totaled 381 tons, compared with 520 for the same period a year earlier and 716 for all of 1962.

Guatemala Improving Sugarcane

Guatemala's National Association of Cane Growers and Sugar Producers Association have signed a 3-year agreement with the goal of improving sugar production.

Under this agreement, which went into effect November 1, the two associations will maintain a closer relationship in all matters of general interest. The main subjects covered in the agreement are plans for the development of the sugar industry, a definite program for the grinding season, marketing studies, general rules for contracting, and prices and payment systems for cane.

An "Office of Technical Service" has been set up which will develop experimental stations for research in improving cane varieties, disease control, and the proper use of fertilizer. In addition, the members agreed to keep up-to-date area and production data, keep all growers informed about the sugar situation, and work to avoid any problems which might disturb the development of the sugarcane production.

Nyasaland Plans Sugar Expansion

The Nyasaland Government reportedly is willing to grant a 99-year land lease for a £ 4-million (U.S. $11.2 million) enterprise to make the country self-supporting in sugar. The bulk of Nyasaland's sugar imports presently come from Southern Rhodesia. Contracts have been made for importation of 15,000 long tons (17,000 short tons) of sugar per year for the next 3 years from this source.

The scheme will be geared to produce 40,000 tons annually—well above the country's current requirements.

Sweden Exports Less Butter

Sweden sold only 15 million pounds of butter in the first 9 months of 1963 compared with 26 million in the same period last year.

Shipments to the United Kingdom declined to 8 million pounds from 15 million, and those to most other markets, particularly Western Germany and Italy, were also much reduced. However, Czechoslovakia, which has not been a purchaser of Swedish butter for several years, took 1 million pounds in this period.

U.S. Tobacco Exports Up in October

U.S. exports of unmanufactured tobacco in October 1963, at 76.5 million pounds (export weight), were 67 percent above the 45.9 million shipped in October 1962. This increase was largely the result of a sharp rise in flue-cured shipments, which in October of this year were 64.8 million pounds, compared with 37.1 million in October 1962.

For the first 10 months of 1963, total U.S. exports of unmanufactured tobacco were 390.5 million pounds—up 7.5 percent from the 363.3 million shipped out in January-October 1962. Exports of flue-cured, at 308.2 million pounds, were 5.9 percent above the 291 million of a year ago, and those of burley were up 14.4 percent. Gains were also recorded for Virginia fire-cured, Maryland, One Sucker, Black Fat, and cigar leaf. Total value of unmanufactured tobacco exports in January-October 1963 was $308.1 million—7.7 percent above that for the comparable period of 1962.

U.S. exports of tobacco products in October 1963 were valued at $10.6 million compared with $6.1 million in October a year ago. There were increases in all kinds of products, except chewing tobaccos and snuff. For January-October 1963, the total value of all tobacco product exports was $99.2 million—up 4.5 percent from the same period last year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO, OCTOBER 1963, WITH COMPARISONS

(Export weight)

Kind	October 1962	October 1963	January-October 1962	January-October 1963	Change, 1963 from 1962
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	37,082	64,784	291,033	308,167	+ 5.9
Burley	4,341	2,939	31,564	36,113	+ 14.4
Dark-fired Ky.-Tenn.	1,367	1,318	12,526	11,384	— 9.1
Va. fire-cured [1]	121	769	3,816	4,181	+ 9.6
Maryland	725	1,220	8,429	8,723	+ 3.5
Green River	4	51	630	571	— 9.4
One Sucker	19	271	292	428	+ 46.6
Black Fat, etc.	196	223	3,087	3,312	+ 7.3
Cigar wrapper	226	623	4,101	4,330	+ 5.6
Cigar binder	154	74	649	751	+ 15.7
Cigar filler	——	84	67	308	+359.7
Other	1,672	4,192	7,103	12,214	+ 72.0
Total	45,907	76,548	363,297	390,482	+ 7.5
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	38.4	62.4	286.2	308.1	+ 7.7

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS, OCTOBER 1963, WITH COMPARISONS

	October 1962	October 1963	January-October 1962	January-October 1963	Change, 1963 from 1962
Cigars and cheroots *1,000 pieces*	1,209	3,084	16,076	28,637	+ 78.1
Cigarettes *Million pieces*	1,217	2,124	19,474	19,598	+ .6
Chewing and snuff *1,000 pounds*	48	38	535	425	— 20.6
Smoking tobacco, pkg. *1,000 pounds*	59	100	437	735	+ 68.2
Smoking tobacco, bulk *1,000 pounds*	492	608	6,555	8,448	+ 28.9
Total declared value *Million dollars*	6.1	10.6	94.9	99.2	+ 4.5

Bureau of the Census.

Mexico's Tobacco Exports at Record

Mexico's exports of unmanufactured tobacco through January-October 1963 set a new record of 24.3 million pounds. Exports during the first 10 months of 1963 were 2.5 times as large as the previous record of 9.8 million pounds in 1962 and slightly over 8 times as large as 1961's 3.0 million.

Larger shipments of light kinds of leaf tobacco (burley, flue-cured, and light sun-cured types) to West Germany,

Panama, the USSR, France, the United States, Switzerland, Denmark, Belgium, the Netherlands, and Finland accounted for most of the increase.

Shipments of light kinds of leaf tobacco during the first 10 months of 1963 totaled 23.8 million pounds, compared with 7.7 million in all of 1962 and 1.9 million in 1961. Exports to West Germany totaled 7.0 million pounds, compared with only 97,000 for all 12 months of 1962. Exports to other countries, with comparisons for calendar year 1962 in parentheses, were Panama, 6.5 million pounds (100,000); the USSR, 4.8 million (none); France, 2.0 million (1.6 million); the United States, 1.2 million (900,000); and Italy, none (2.9 million).

Average export prices of light leaf tobaccos shipped to major destinations during January-October 1963, in terms of U.S. equivalents per pound, were West Germany, 21.4 cents; Panama, 16.9; the USSR, 17.3; the United States, 30.1; Portugal, 27.4; Switzerland, 17.7; France, 21.8; Denmark, 21.9; Belgium, 24.8; the Netherlands, 23.7; and Finland, 25.3. The average export price of all shipments of light tobacco was equivalent to U.S. 20.1 cents per pound, in contrast to 27.1 cents for calendar 1962 and 24.7 for calendar 1961.

TOBACCO, UNMANUFACTURED: MEXICO, EXPORTS JAN.-OCT. 1963 COMPARED WITH CALENDAR YEAR 1962

Destination	1962		Jan.-Oct. 1963	
	Light kinds	All kinds	Light kinds	All kinds
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Germany, West	97	478	6,972	7,062
Panama	84	98	6,523	6,523
USSR	—	—	4,805	4,805
France	1,595	2,521	1,970	1,970
United States	938	1,122	1,162	1,421
Portugal	816	816	567	567
Switzerland	111	168	566	566
Denmark	133	133	308	308
Belgium	153	266	275	282
Netherlands	52	377	104	212
Finland	119	119	189	189
Italy	2,925	2,993	—	—
Others	645	714	342	390
Total	7,668	9,805	23,783	24,295

Nigerian Cigarette Output Still Rising

Cigarette output in Nigeria continued upward through 1963. Production was reportedly estimated at 3,750 million pieces, compared with 3,500 million for 1962 and the 1955-59 annual average of 2,584 million. A further increase of about 6.5 percent is forecast for 1964.

Cigarettes are the only tobacco product manufactured on a large scale in Nigeria. At present, the Nigerian Tobacco Company, Ltd., is the sole producer; its factories are located in Ibadan, Port Harcourt, and Zaria. Their combined output capacity is 425 million cigarettes per month. The firm produces seven different brands and plans to introduce additional ones. Leaf usings are estimated at about 11 million pounds annually, with domestic leaf accounting for about 80 percent of the total. Imports, for blending purposes, are obtained principally from the United States and the Rhodesias.

A new company, the Kwara Tobacco Company, was formed in late 1962 to manufacture and market cigarettes. This factory is located in Ilorin and has a reported output capacity of 50 million pieces per month. Production was expected to start in late 1963 or early in 1964. Leaf requirements will be met mainly from local production.

Tobacco is the second largest source of customs and excise revenue in Nigeria, accounting for about 13.5 percent of total duties collected in 1962. The bulk of the revenue is derived from excise duties on locally manufactured products, with the rest coming from imports of leaf tobacco and manufactured products.

Malaya's Palm Product Exports

The Federation of Malaya exported 57,421 short tons of palm oil and 11,434 tons of palm kernels during the first 6 months of 1963, compared with 52,945 and 10,559 in the corresponding period of 1962.

Japan Authorizes Soybean Meal Imports

The Japanese Ministry of International Trade and Industry has announced that import licenses for about 20,000 metric tons of soybean meal will be issued immediately (*Foreign Agriculture*, Dec. 16, 1963). Feed manufacturers will be allowed to import 16,000 metric tons, and the shoyu industry 4,000. The import allocation totals $2.1 million.

The Ministry of Agriculture and Forestry (MAF) has a budget to import 75,000 metric tons of soybean meal during the Japanese fiscal year 1963 (April 1963-March 1964). However, MAF has been of the opinion that soybean meal imports have not been necessary thus far because of the availability of domestically produced meal. Further allocations may possibly be made during JFY 1963, if domestic production falls behind the rapidly expanding demand.

Antarctic Whaling Season Underway

The 1963-64 Antarctic whaling season commenced on December 12 with a total of 16 expeditions and 194 catching boats, compared with 17 expeditions and 201 catchers in the 1962-63 season. It was assumed that the catch material used by the USSR remained unchanged from the previous season. A smaller outturn of both whale and sperm oil is anticipated.

During the 1962-63 season 11,306 blue whale units (BWU) and 5,773 sperm whales were caught, yielding 242,389 short tons of whale oil and 43,124 of sperm oil, respectively. The latter figure includes 5,214 tons of sperm oil produced in the South Atlantic Ocean on the voyage to and from the Antarctic whaling grounds.

At the last meeting of the International Whaling Commission, the maximum catch was reduced from 15,000 to 10,000 BWU for the current season. According to the international quota agreement, this maximum catch will be apportioned as follows: Japan 4,600 units, Norway, 2,800, the USSR 2,000, and the Netherlands 600.

The United Kingdom's participation in whaling ceased with the sale of its factory ship "Southern Harvester" to Japan and the transfer of the U.K. quota to Japan.

The two Antractic land stations on South Georgia—Grytviken and Leith Harbour—are being operated by Japan this season. Whaling commenced at both stations on October 1. In 1962-63, for the first time in many years, no whaling operations were carried out from the land stations.

Indonesia's Exports of Copra, Palm Products

Registered exports of copra from Indonesia in January-July 1963, at 56,756 long tons, were almost one-third greater than the 43,664 tons shipped in the same period of 1962.

January-July exports of palm oil were somewhat larger in 1963—64,079 short tons against 60,458 in 1962. Exports of palm kernels increased slightly—to 19,400 tons from 19,196.

U.S. Exports More Cotton Linters

U.S. exports of cotton linters, mostly chemical qualities, totaled 81,000 running bales during the first 3 months (August-October) of the 1963-64 season. This was 45 percent above the 56,000 bales exported in the same months a year earlier.

Quantities shipped to major destinations during August-October 1963, with comparable 1962 figures in parentheses, were West Germany 53,000 bales (38,000); Japan 14,000 (7,000), United Kingdom 8,000 (4,000), Canada 4,000 (4,000), and France 1,000 (1,000).

Exports in October amounted to 31,000 bales, compared with 23,000 in September and 19,000 in October 1962.

U.S. Cotton Linters Imports Increase

U.S. imports of cotton linters, mostly felting qualities, amounted to 46,000 bales (500 lb. gross) during the first 3 months (August-October) of the 1963-64 season. This was 77 percent above the 26,000 bales entered in the same months a year earlier. Linters imports during October totaled 10,000 bales, compared with 13,000 in September and 9,000 in October 1962.

Quantities imported from principal sources during August-October 1963, with comparable 1962 figures in parentheses, were Mexico 21,000 bales (14,000), Brazil 8,000 (0), El Salvador 5,000 (3,000), the USSR 4,000 (4,000), Syria 1,000 (0), and Turkey, 1,000 (0).

U.S. Increases Its Cotton Exports

U.S. exports of all types of cotton amounted to 1,019,000 running bales in the first 3 months (August-October) of the current season. This figure is more than double the 459,000 bales exported in the same period of 1962-63, and 34 percent above average shipments of 759,000 bales in the previous 5 seasons.

Exports in October were 384,000 bales compared with 361,000 in September and 157,000 in October 1962.

Export sales registrations in the 1963-64 season under the competitive-bid sales program totaled 3,356,622 bales through December 2, 1963. Registrations under the 1963-64 payment-in-kind export program were 12,599 bales through December 13.

COTTON: U.S. EXPORTS BY COUNTRY OF DESTINATION, AUG.-OCT. 1963-64, WITH COMPARISONS

	Year beginning August 1				
	Average			August-October	
Destination	1955-59	1961	1962	1962	1963
	1,000 running bales	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*
Austria	33	33	13	1	3
Belgium & Lux.	160	100	72	12	30
Denmark	17	13	13	2	3
Finland	22	21	13	3	2
France	360	300	180	35	84
Germany, West	475	204	101	12	100
Italy	416	376	192	67	92
Netherlands	124	106	71	9	20
Norway	10	13	10	2	3
Poland & Danzig	85	139	62	7	33
Portugal	28	18	7	1	3
Spain	171	155	(1)	0	(1)
Sweden	75	99	56	6	23
Switzerland	64	75	37	5	27
United Kingdom	525	270	139	25	54
Yugoslavia	108	175	113	3	4
Other Europe	17	9	3	1	0
Total Europe	2,690	2,106	1,082	191	481
Australia	54	64	41	10	20
Canada	217	397	271	36	81
Chile	35	12	24	0	(1)
Colombia	33	1	1	(1)	3
Cuba	27	0	0	0	0
Ethiopia	4	13	15	2	1
Hong Kong	134	104	79	11	33
India	184	215	198	13	13
Indonesia	30	46	51	21	4
Israel	16	10	7	(1)	2
Japan	1,154	1,028	895	97	221
Korea, Rep. of	205	300	236	13	63
Morocco	10	14	8	3	4
Pakistan	14	39	8	(1)	(1)
Philippines	64	142	108	18	33
South Africa, Rep. of	26	52	19	3	7
Taiwan (Formosa)	153	256	223	19	25
Thailand	4	30	22	6	11
Uruguay	15	11	0	0	(1)
Venezuela	2	16	5	0	2
Vietnam [2]	2	30	36	15	13
Other countries	27	27	22	1	2
Total	5,100	4,913	3,351	459	1,019

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

U.S. Wheat and Flour Exports Rise

U.S. wheat and flour exports during July-October 1963 totaled 251 million bushels, 35 percent above the 185 million for the same period a year earlier.

Shipments of wheat as grain increased 46 percent during July-October 1963 over the 154 million bushels during July-October 1962, while those of flour decreased 14 percent.

A detailed table and analysis appears in the December issue of the *World Agricultural Production and Trade-Statistical Report.*

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

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East Europe's Tobacco Deficit

(Continued from page 4)

Rumania's tobacco production dropped from 79 million pounds in 1957 to only 31 million pounds in 1961. Since Rumanian factories use about 50 million pounds of leaf each year—and stocks were low—exports of tobacco to the Soviet Union fell below 50,000 pounds in 1962. In each of the previous 2 years, around 6.6 million pounds had gone to the USSR, and some to Belgium and France.

Unless tobacco output is quickly expanded to former levels, Rumania will not be able even to meet the needs of its own factories, and will have to import as much as 11 million pounds of leaf.

Poland has been more successful in growing tobacco for home consumption than other Eastern European countries. Its farmers work diligently and obtain good yields when the weather is favorable.

However, Poland's leaf imports rose to 33 million pounds in 1962 and will remain high this year. In the past, imports were largely oriental tobacco, but in 1962, large quantities of Indian flue-cured were imported.

Cigarettes containing high percentages of U.S. tobacco are very popular in Poland. About 3.3 million pounds of U.S. leaf went to Poland in 1962, as well as close to half a million dollars worth of U.S. cigarettes. Poland could be a good potential market for both U.S. leaf and cigarettes, if foreign exchange permitted.

Yugoslavia, for foreign exchange reasons, exports about 40 percent of its output (35 million pounds in 1962) at approximately 75 U.S. cents per pound, and imports tobacco costing from 10 to 15 cents a pound, primarily from India.

Light cigarettes containing domestic flue-cured are popular in Yugoslavia and the country took about $1.1 million worth of U.S. cigarettes in 1962.

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